

## **THE ROCKY MOUNTAIN ECONOMY: UPDATE**

August 2010 (also see Economic Indicators below)

Economic conditions in the Rocky Mountain region remained relatively flat in the second quarter of 2010. In June 2010, seasonally adjusted total nonfarm employment in the region decreased from one year ago by 18,000 jobs, or .4 percent, to 4.89 million. Most of the job losses were concentrated in Colorado, which lost 31,200 jobs, a decline of 1.4 percent. This loss was offset by job growth in Utah and North Dakota, which gained 11,900 and 4,100 jobs, respectively, an increase of 1 and 1.1 percent. Montana and South Dakota experienced smaller declines of 300 and 200 jobs respectively. Wyoming recorded a loss of 2,300 jobs, or .8 percent. Despite the employment decline in the region, the average unemployment rate of 7.1 percent remained unchanged from June 2009 and down slightly from 7.2 percent in May 2010. The state unemployment rates ranged from 3.6 percent in North Dakota to 8.0 percent in Colorado, but all states in the region recorded unemployment rates well below the national average of 9.5 percent.

The nation's economy lost 221,000 nonfarm jobs in June 2010 compared with the previous month, and 267,000 compared with June 2009. The vast majority of the job losses were in the service-providing sector, driven primarily by the departure of 225,000 temporary Census workers. Private sector employment experienced a slight increase of 31,000, with modest gains across numerous sectors, including leisure and hospitality, professional and business services, transportation and warehousing, and health care. The goods-producing sectors of mining and manufacturing each showed small gains while the construction sector declined. The 2.4 percent annualized GDP growth in the second quarter of 2010 was slightly weaker than expected, and the slowdown in growth from the previous quarter's revised 3.7 percent rate raised concerns that the economic recovery may be slower than anticipated. Housing starts in June were at a seasonally adjusted annual rate of 549,000, down 5 percent from May and 5.8 percent below the level recorded in June 2009. Conversely, homebuilding activity in the region in the first half of 2010 jumped 17 percent, or 2,100 units, compared with June 2009 year-to-date figures. The number of units permitted increased in each state but South Dakota and Utah, and the increase of 40 percent, or 1,600 units, in Colorado, accounted for 76 percent of the regional gain. Utah's 8.8 percent decline partially offset much of the strong gains in the rest of the region.

During the second quarter of 2010, rental markets mostly tightened throughout the Rocky Mountain region, with the exception of the Salt Lake City area. The rental vacancy rate in Denver improved for the fourth straight quarter, decreasing by 1.9 percentage points from a year ago to 6.4 percent. In Colorado Springs, the vacancy rate improved for the sixth straight quarter, down to 6.2 percent from 8.5 percent a year ago. The Salt Lake City area's second quarter 2009 apartment vacancy rate of 7.1 percent was up just slightly from 7.0 percent a year ago, despite the delivery of 830 new units in the quarter. The current vacancy rate is well above the 5.9 percent recorded a year ago. In Denver, home sales during the first 6 months of 2010 increased by 7.7 percent, while average sales price was down by 5.8 percent from a year ago. Existing home sales for the nation increased by 9.8 percent and the average price was up 1.4 percent from a year ago. Locally and nationally, much of the year-over-year increase in sales volume was due to the Home Buyer Tax Credit that expired on April 30, 2010. U.S. new home sales hit an all-time low in May, suggesting very weak demand once the tax credit program ended, although sales rebounded in June.

Foreclosure rates in the region and the U.S. increased in the first quarter of 2010, the latest data available. The regional increase of 0.55 percentage points from a year ago was less than the 0.78 recorded nationally. The overall U.S. Consumer Price Index (CPI) was down 0.1 percent from the previous month, due primarily to lower energy prices, and was up only 1.1 percent from a year ago. Mortgage rates reached historic lows as of July 2010, averaging 4.56 percent, versus 5.22 percent a year ago.

## ROCKY MOUNTAIN ECONOMIC INDICATORS

Indicator	Data as of	Most Recent Mth./Qtr.	Previous Mth./Qtr.	Year Ago	Change		Source
					Last Mth/Qtr	Year Ago	
Nonfarm Employment (seasonally adjusted):							
Colorado	June-10	2,205.0	2,206.8	2,236.2	-0.1%	-1.4%	BLS
Montana	June-10	429.7	425.6	430.0	1.0%	-0.1%	BLS
North Dakota	June-10	371.3	370.9	367.2	0.1%	1.1%	BLS
South Dakota	June-10	403.1	402.6	403.3	0.1%	0.0%	BLS
Utah	June-10	1,198.5	1,199.7	1,186.6	-0.1%	1.0%	BLS
Wyoming	June-10	283.3	284.9	285.6	-0.6%	-0.8%	BLS
Rocky Mountain Region	June-10	4,890.9	4,890.5	4,908.9	0.0%	-0.4%	BLS
United States	June-10	130,373	130,595	130,640	-0.2%	-0.2%	BLS
Unemployment Rate (seasonally adjusted):							
Colorado	June-10	8.0	8.0	8.3	0	-0.3	BLS
Montana	June-10	7.3	7.2	6.2	0.1	1.1	BLS
North Dakota	June-10	3.6	3.6	4.4	0	-0.8	BLS
South Dakota	June-10	4.5	4.6	4.9	-0.1	-0.4	BLS
Utah	June-10	7.2	7.3	6.8	-0.1	0.4	BLS
Wyoming	June-10	6.8	7.0	6.5	-0.2	0.3	BLS
Rocky Mountain Region	June-10	7.1	7.2	7.1	-0.1	0	BLS
United States	June-10	9.5	9.7	9.5	-0.2	0	BLS
GDP Growth Rate (%) - United States	2nd Qtr 10	2.4	3.7	-0.7	-1.3	3.1	BEA
U.S. Housing Starts (Annual rate)	June-10	549,000	578,000	583,000	-5.0%	-5.8%	Census
Residential Building Permits:							
Colorado	YTD-Jun-10	5,609	na	4,004	na	40.1%	Census
Montana	YTD-Jun-10	912	na	699	na	30.5%	Census
North Dakota	YTD-Jun-10	1,034	na	750	na	37.9%	Census
South Dakota	YTD-Jun-10	1,351	na	1,368	na	-1.2%	Census
Utah	YTD-Jun-10	4,388	na	4,810	na	-8.8%	Census
Wyoming	YTD-Jun-10	1,227	na	779	na	57.5%	Census
Rocky Mountain Region	YTD-Jun-10	14,521	na	12,410	na	17.0%	Census
Apartment Vacancy Rates:							
Colorado Springs Metro	2nd Qtr 10	6.2	7.0	8.5	-0.9	-2.3	Apartment Insights
Denver/Boulder area	2nd Qtr 10	6.4	6.9	8.3	-0.6	-1.9	Apartment Insights
Salt Lake City Metro	2nd Qtr 10	7.1	7.0	5.9	0.1	1.2	Reis, Inc.
United States	2nd Qtr 10	10.6	10.6	10.6	0.0	0.0	Census
Existing Single-Family Sales: Denver PMSA							
Active Listings	June-10	21,712	20,303	20,555	6.9%	5.6%	MetroList, Inc.
Number of Sales	YTD-June-10	19,665	na	18,260	na	7.7%	MetroList, Inc.
Average Price	YTD-June-10	\$268,831	na	\$285,258	na	-5.8%	MetroList, Inc.
Existing Home Sales: United States							
Annual Rate of Sales (SA)	June-10	5,370,000	5,660,000	4,890,000	-5.1%	9.8%	NAR
Average Price	June-10	\$230,900	\$220,900	\$227,800	4.5%	1.4%	NAR
Residential (1-4 Family) Foreclosure Rate:							
Rocky Mountain Region	1st Qtr 10	2.72	2.70	2.17	0.02	0.55	MBA Survey
United States	1st Qtr 10	4.63	4.58	3.85	0.05	0.78	MBA Survey
Consumer Price Index - All Items:							
Denver-Boulder CMSA	2nd Half 09	209.7	207.4	211.1	1.1%	-0.7%	BLS
United States (SA)	June-10	216.9	217.2	214.6	-0.1%	1.1%	BLS
Avg. 30-Year Mortgage Interest Rate:	July-10	4.56	4.74	5.22	-0.18	-0.66	Freddie Mac